



**SERVICING 10**

MBA's NATIONAL MORTGAGE SERVICING  
CONFERENCE & EXPO 2010  
FEBRUARY 23-26, 2010, SAN DIEGO

**Making Home Affordable**  
**Understanding the Detailed Program Parameters**

- Welcome
- MHA Program Overview
- Participating Servicers
- Program Transparency
- Program Update
- Support for Servicers
- Support for Borrowers
- Key Market Challenges in 2010
- Q & A



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Servicer Integration  
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Over one year ago (2/18/09), Treasury announced the MHA Program to stabilize the U.S. housing market, prevent avoidable foreclosures, and protect neighborhoods.

## **Current programs announced and underway:**

- Home Affordable Refinance Program (HARP)
- Home Affordable Modification Program (HAMP)
  - Home Price Decline Protection (HPDP)
- Home Affordable Foreclosure Alternatives (HAFA)
- Second Lien Modification Program (2MP)

- National program to modify first mortgage loans to an affordable and sustainable monthly payment
  - PITI payment = 31% of gross income
  - Targeted to owner occupant borrowers
  - Loans delinquent or at risk of imminent default
  - Standard decision methodology
  
- PLS Servicer/investor participation voluntary
  
- Participation encouraged through government financial incentives

- 110 servicers have signed participation agreements (SPAs) to modify loans under HAMP. The SPA covers loans held in portfolio or loans serviced on behalf of other investors.
- In addition, approximately 2,300 lenders service loans owned or guaranteed by Fannie Mae or Freddie Mac.
- Approximately **89% of eligible mortgage debt outstanding** is covered by HAMP participating servicers.

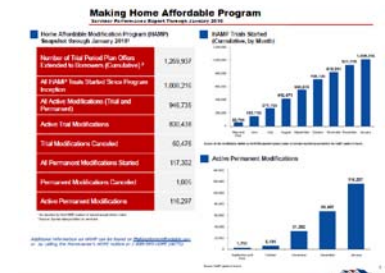
# Program Transparency

Performance through January 2010<sup>1</sup>

Number of Trial Period Plan Offers Extended to Borrowers (Cumulative) <sup>2</sup>	1,269,937
All HAMP Trials Started Since Program Inception	1,008,216
All Active Modifications (Trial and Permanent)	946,735
Active Trial Modifications	830,438
Trial Modifications Canceled	60,476
All Permanent Modifications Started	117,302
Permanent Modifications Canceled	1,005
Active Permanent Modifications	116,297

<sup>1</sup> As reported by the HAMP system of record except where noted.

<sup>2</sup> Source: Survey data provided by servicers.

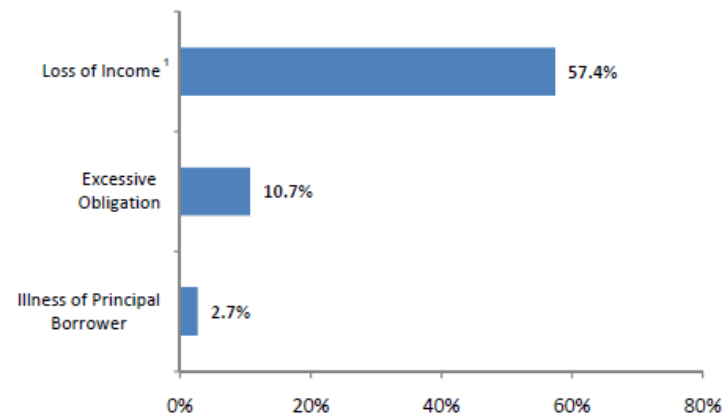


- Borrowers in active trial and permanent modifications have saved more than \$2.2B through HAMP modifications
- Savings of over \$500 per month on mortgage payments for borrowers with permanent modifications
- Loss of income is the primary borrower hardship

## Permanent Modifications by Modification Steps:

Interest Rate Reduction	100%
Term Extension	41.7%
Principal Forbearance	27.4%

## Predominant Hardship Reasons for Permanent Modifications



## *SD 10-01: Program Update and Resolution of Active Trial Modifications*

### **Key Features:**

- Transition to verified model (from stated)
- Servicers may only offer a trial modification to borrowers based on verified income documentation
- Effective for all HAMP trial period plans with effective dates on or after 6/1/2010
- Guidance to servicers on making final determinations for all active trial plans set to expire on or before 1/31/10

**Should allow borrowers to transition more quickly and easily from trial to permanent modifications.**

- Agencies have introduced complimentary programs
- FHA HAMP achieves affordability through principal forbearance – FHA borrowers/servicers may be eligible for incentives soon
- VA HAMP follows Treasury waterfall but interest rate reductions are life of loan rather than five years – no incentives on VA HAMP modifications



## *SD 09-09: Introduction of HAFA – Short Sale and Deed-in-Lieu of Foreclosure*

### **Key Features:**

- Complements HAMP – only HAMP eligible borrowers
- Pre-approval of short sale terms prior to listing
- Standard forms and defined time periods – transparency into the process
- Borrower relieved of liability for debt
- Financial incentives to servicers, borrowers, and investors
- Effective April 5, 2010 (servicers may implement prior to effective date)

**HAFA will assist distressed borrowers by promoting alternatives to foreclosure when keeping the home is no longer an option.**

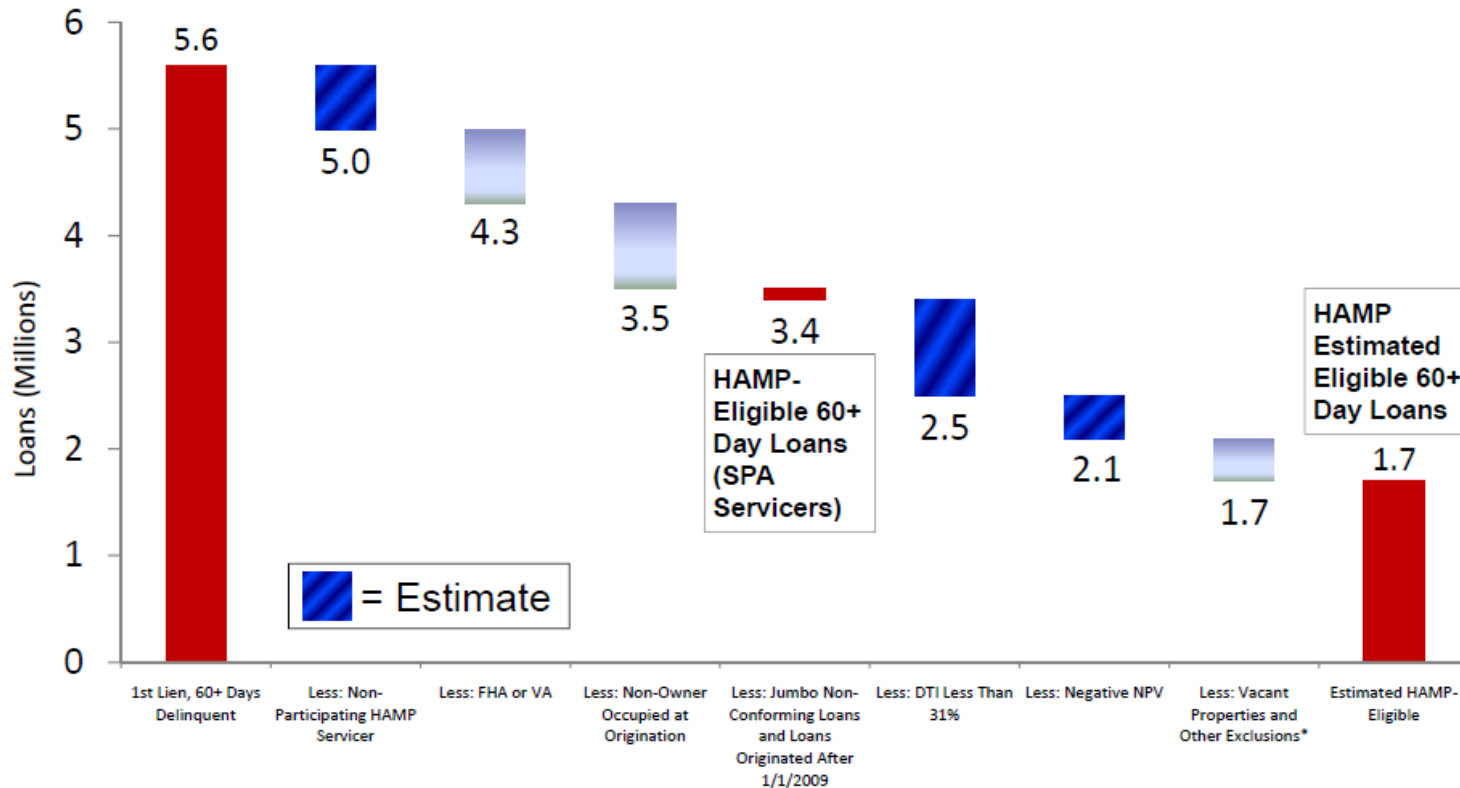
## *SD 09-05: Introduction of the Second Lien Modification Program (2MP)*

### **Key Features:**

- Separate Servicer Participation Agreement – *servicers may opt in for HAMP/2MP or both*
- 2<sup>nd</sup> lien automatically modified if corresponding first lien is modified through HAMP
- 2<sup>nd</sup> lien interest reduced to:
  - 1% (amortizing)
  - 2% (I/O) for five years
  - Year 6 rate steps up to match rate on 1<sup>st</sup>
- Term and principal deferment to match first lien
- Extinguishment option

**Revised 2MP directive will be published soon.**

## Waterfall of HAMP-Eligible Borrowers



Note: Other exclusions include the following - no longer owner-occupied; investor's pooling and servicing agreement precludes modification; and manufactured housing loans with titling/chattel issues that exclude them from HAMP.

Sources: Fannie Mae; monthly survey of participating servicers for December 31, 2009. Total 60+ figure from 3<sup>rd</sup> quarter MBA delinquency survey, Q3 2009. Excluded loans are reported by servicers by survey who have signed a servicer participation agreement for HAMP.

- HAMP is not the solution for every borrower
- Educate HAMP eligible borrowers, who did not receive a permanent HAMP mod, so they know all of their options
- Evaluate borrowers for other workout options once HAMP efforts have been completely exhausted
- Exhaust all retention efforts with a borrower before moving to a foreclosure alternative
- Foreclosure is the last and least desirable option



## Conversion Campaign

- December-January Conversion Drive Campaign with top 7 servicers resulted in over 100,000 HAMP loans converting from trial to permanent
- In same time period, MHA Policy Command Center resolved over 200 policy issues raised by those servicers


## HAMP Solution Center

- Established in August 2009, the HAMP Solution Center manages the process that registers servicers to participate in all HAMP programs
  - Logged more than 21,500 total interactions, which include calls, emails, and faxes from participating and non-participating GSE / non-GSE servicers, housing counselors, government agencies, and attorneys
  - Registered approximately 1,200 servicers, 110 of which are in active SPA status
  - Handled more than 2,000 cases escalated on behalf of borrowers

Administrative Website for Servicers  
**Home Affordable Modification Program**  
Administered by Fannie Mae

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**Learn More About HMPAdmin.com**  
Get an overview of this website and the Programs featured on it

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**About the Site**

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**Get Started**

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**For Counselors**

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**Learning Center**

If you are a registered participating servicer

**LOG IN**

Are you a servicer looking for Making Home Affordable information for CSE loans? Please visit:

[eFannieMae.com](#)  
[FreddieMac.com](#)

## HAMP Conversion Campaign FAQs

Please check back daily after 1pm EST for the latest update on the HAMP Conversion Campaign FAQs.

[Download Now](#)

Last updated: 01/08/2010 at 11:35am EST

### Overview

This site provides mortgage servicers with the information and tools needed to participate in the Obama Administration's Home Affordable Modification Program (HAMP) and other program updates related to the Making Home Affordable (MHA) Program. A high-level description of this website is available on the [About](#) page.

## Latest News / Updates

02/02/10  
[HAMP Loan Reporting Release Successfully Implemented: Download Data Dictionary Appendix](#)

[MHA Program Update Calls for Housing Counselors](#)

01/28/10  
[Verified Income Required for Trial Plan Offers Beginning June 1, 2010](#)

01/26/10  
[HAMP Loan Reporting Release: Reporting Tool Extended Hours](#)

[Get More News and Updates](#)

## Servicers access:

- Registration information and forms
- Web training
- FAQs and updates

There are a variety of ways for homeowners to get information:

- **Printed Program Materials:** Available in multiple languages
- **Website:** [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov)
- **Call Centers:** Homeowners HOPE Hotline (888-955-HOPE), Fannie Mae and Freddie Mac corporate call centers – 800-7FANNIE and 800-FREDDIE
- **Foreclosure Prevention Events for Homeowners:** Fannie, Freddie, HOPE Now, NeighborWorks America are engaged in a 40-city tour
- **HAMP Documents:** Available in English and Spanish
- **Media Outreach:** Conduct interviews with local English and Spanish language media before and during foreclosure prevention events
- **Public Awareness Campaign:** PSA campaign initiative
- **Housing Counselors:** English and Spanish MHA overview training video for housing counselors

Text A+ A- A | En español
Need urgent help? Contact the Homeowner's HOPE™ Hotline: (888) 995-HOPE



HELP FOR AMERICA'S HOMEOWNERS

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FIND A COUNSELOR
CONTACT YOUR MORTGAGE SERVICER
RESOURCES
AUDIO AND VIDEO

### Making Home Affordable Program

*Service Performance Report through July 2009*

Metric	Value
Home Affordable Modification Program (HAMP) Inquiries through July 2009	238,247
Number of Total Home Plan Offers Extended (Cumulative)	406,542
Number of Requests for Foreclosure Alternatives (FHA) Approved (Cumulative)	1,187,218

## On Pace To Help Millions

**LATEST NEWS:** The Making Home Affordable Program is on pace to help millions of homeowners, public release of data provides transparency on servicer performance.

Read More ▶

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### Learn About Making Home Affordable

#### Refinancing

Many homeowners pay their mortgages on time but are not able to refinance to take advantage of today's lower mortgage rates perhaps due to a decrease in the value of their home.

#### Modification

Many homeowners are struggling to make their monthly mortgage payments perhaps because their interest rate has increased or they have less income.

#### Beware of Foreclosure Rescue Scams – Help Is Free!

- Scam artists often target homeowners who are struggling to meet their mortgage commitment or anxious to sell their homes. Recognize and avoid common scams.
- Assistance from a HUD-approved housing counselor is FREE.
- Beware of anyone who asks you to pay a fee in exchange for a counseling service or modification of a delinquent loan.
- Beware of people who pressure you to sign papers immediately, or who try to convince you that they can "save" your home if you sign or transfer over the deed to your house.
- Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.
- Never make a mortgage payment to anyone other than your mortgage company without their approval.

#### Report Lending Discrimination to HUD

If you believe you have experienced discrimination based on race, gender, national origin, or another reason, contact HUD's Office of Fair Housing and Equal Opportunity at 1-800-669-9777.

If you're having trouble getting a straight answer in connection with the Making Home Affordable program, call 1-888-995-HOPE and they will be able to get you the help you need.

888-995-HOPE  
 Homeowner's HOPE™ Hotline

**LATEST NEWS:**  
[09/17: Federal, State Partners Convene To Discuss Ongoing Anti-Fraud Efforts in Housing Markets](#)  
[09/09: Assistant Secretary for Financial Institutions Michael S. Barr Written Testimony on Stabilizing the Housing Market](#)

**UPCOMING EVENTS:**  
[09/26: Tampa, FL](#)  
[09/30: Stockton, CA](#)  
[More upcoming homeowner events.](#)

Getting the Help You Need



[View with captioning](#)

## Borrowers learn:

- Eligibility for MHA
- If loan is GSE-owned
- Where to find a counselor

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- Ramping up capacity to meet demands
- Job loss and underemployment
- Home price declines
- Changes in borrower behavior
- Interest rates may rise
- Borrowers remaining current on modifications



**We must continue to adapt to the ever-changing landscape in order to bring stability to the housing market.**